



Massachusetts Housing Finance Agency
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October 17, 2015

Housing Corporation of Arlington
20 Academy Street
Arlington, MA 02474
Attn: Pamela Hallett, Executive Director

**Re: 20 Westminster Avenue, Arlington, MA
Project Eligibility/Site Approval
MassHousing ID #783**

Dear Ms. Hallett:

This letter is in response to your application for a determination of Project Eligibility (Site Approval) pursuant to Massachusetts General Laws Chapter 40B ("Chapter 40B"), 760 CMR 56.00 (the "Regulations") and the Comprehensive Permit Guidelines issued by the Department of Housing and Community Development ("DHCD") (the "Guidelines" and, collectively with Chapter 40B and the Regulations, the "Comprehensive Permit Rules"), under the New England Fund ("NEF") Program ("the Program") of the Federal Home Loan Bank of Boston ("FHLBB").

Housing Corporation of Arlington (the "Applicant") initially submitted an application to Massachusetts Housing Partnership (MHP) pursuant to Chapter 40B. Accordingly, MHP commissioned an as-is appraisal, conducted an initial site visit, and solicited comments from the town. Due to a change in project financing, the Applicant transferred its application to MassHousing for review. The Project will include 9 units of rental housing (100% affordable) and will be located off of Westminster Avenue in Arlington, MA (the "Municipality" or the "Town") on 17,864 square feet of land in an area currently zoned Single Family Residential. The project will include 3 handicap accessible units. In accordance with the Comprehensive Permit Rules, this letter is intended to be a written determination of Project Eligibility ("Site Approval") by MassHousing acting as Subsidizing Agency under the Guidelines, including Part V thereof, "Housing Programs In Which Funding Is Provided By Other Than A State Agency."

On July 28, 2015 MassHousing performed an on-site inspection of the Site and has reviewed the pertinent information for the Project submitted by the Applicant, the Municipality and others in accordance with the Comprehensive Permit Rules.

Municipal Comments

Pursuant to the Regulations, the Municipality was given a thirty (30) day period, in which to review the Site Approval application and submit comments to MHP. Due to a slight redesign in the proposed site plan (the removal of parking), the Town was given the opportunity to revise its

comments. The Town generally supports the project and states that it is “consistent with the Arlington Master Plan.” The Town’s comments identified the following specific areas of concern:

- The Municipality commented that the Site Plan does not show trash and dumpster placement and states that the final plan should meet Arlington Board of Health’s “Dumpster Regulations”.
- The Municipality expressed concern about the lack of parking on Site.
- The Municipality would like information regarding the placement of heating/cooling units to ensure compliance with local and state noise ordinances.
- The Municipality is concerned about “additional stormwater burden to existing infrastructure.”

MassHousing Determination and Recommendations

MassHousing staff has determined that the Project appears generally eligible under the requirements of the Program, subject to final review of eligibility and to Final Approval. As a result of our review, we have made the findings as required pursuant to 760 CMR 56.04(1) and (4). Each such finding, with supporting reasoning, is set forth in further detail in Attachment 1. It is important to note that Comprehensive Permit Rules limit MassHousing to these specific findings in order to determine Project Eligibility. If, as here, MassHousing issues a determination of Project Eligibility, the Developer may apply to the Zoning Board of Appeals of the Municipality for a comprehensive permit. At that time, local boards, officials and members of the public are provided the opportunity to further review the Project to further ensure compliance with applicable state and local standards and regulations.

Based on MassHousing’s site and design review, and in light of feedback received from the Municipality and abutters, the following issues should be addressed in your application to the Zoning Board of Appeals, and you should be prepared to explore them more fully in the public hearing process:

- Development of this Site will require compliance with all state and federal environmental laws, regulations and standards applicable to existing conditions and to the proposed use relating to water quality, stormwater management, wastewater treatment, and hazardous waste safety. The Applicant should expect that the Municipality will require evidence of such compliance prior to the issuance of a building permit for the Project.
- The Applicant should be prepared to discuss plans for snow removal, the placement of heating and cooling units, and storage of maintenance equipment.
- The Applicant should consider preparing a landscaping plan as part of the materials submitted to the ZBA for public hearing. Landscaping could be used to provide privacy for the units as well as improve the overall Site design.

MassHousing has reviewed the application for compliance with the requirements of 760 CMR 56.04 (2) relative to Application requirements, and has determined that the materials provided by the Developer in the application are sufficient to show compliance.

This Site Approval is expressly limited to the development of no more than 9 rental units under the terms of the Program, of which not less than 100% of such units shall be restricted as affordable for low or moderate income persons or families as required under the terms of the Guidelines. It is not a commitment or guarantee of NEF financing and does not constitute a site plan or building design approval. Should you consider, prior to obtaining a comprehensive permit, the use of any other housing subsidy program, the construction of additional units or a reduction in the size of the Site, you may be required to submit a new Site Approval application for review by MassHousing. Should you consider a change in tenure type or a change in building type or height, you may be required to submit a new site approval application for review by MassHousing.

For guidance on the comprehensive permit review process, you are advised to consult the Guidelines. Further, we urge you to review carefully with legal counsel the M.G.L. c.40B Comprehensive Permit Regulations at 760 CMR 56.00.

This approval will be effective for a period of two years from the date of this letter. Should the Applicant not apply for a comprehensive permit within this period this letter shall be considered to be expired and no longer in effect unless MassHousing extends the effective period of this letter in writing. In addition, the Applicant is required to notify MassHousing when the following steps occur: (1) the Applicant applies to the local ZBA for a Comprehensive Permit, (2) the ZBA issues a decision and (3) any appeals are filed.

Should a comprehensive permit be issued, please note that prior to (i) commencement of construction of the Project or (ii) issuance of a building permit, the Applicant is required to submit to MassHousing a request for Final Approval of the Project (as it may have been amended) in accordance with the Comprehensive Permit Rules (see especially 760 CMR 56.04(07) and the Guidelines including, without limitation, Part III thereof concerning Affirmative Fair Housing Marketing and Resident Selection). Final Approval will not be issued unless MassHousing is able to make the same findings at the time of issuing Final Approval as required at Site Approval.

Please note that MassHousing may not issue Final Approval if the Comprehensive Permit contains any conditions that are inconsistent with the regulatory requirements of the New England Fund Program of the FHLBB, for which MassHousing serves as Subsidizing Agency, as reflected in the applicable regulatory documents. In the interest of providing for an efficient review process and in order to avoid the potential lapse of certain appeal rights, the Applicant may wish to submit a "final draft" of the Comprehensive Permit to MassHousing for review. Applicants who avail themselves of this opportunity may avoid significant procedural delays that can result from the need to seek modification of the Comprehensive Permit after its initial issuance.

If you have any questions concerning this letter, please contact Jessica Malcolm at (617) 854-1201.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom R. Gleason", with a stylized flourish at the end.

Thomas R. Gleason
Executive Director

cc: Chrystal Kornegay, Undersecretary, DHCD
Adam Chapdelaine, Town Manager, Town of Arlington
Kevin F. Greeley, Chair, Board of Selectmen, Town of Arlington

Attachment 1.

760 CMR 56.04 Project Eligibility: Other Responsibilities of Subsidizing Agency Section (4) Findings and Determinations

20 Westminster Avenue, Arlington, MA # 783

After review of the application, MassHousing hereby makes the following findings and taking into account information received during the site visit and from written comments:

(a) that the proposed Project appears generally eligible under the requirements of the housing subsidy program, subject to final approval under 760 CMR 56.04(7);

The Project is eligible under the NEF housing subsidy program and at least 25% of the units will be available to households earning at or below 80% of the Area Median Income, adjusted for household size, as published by the U.S. Department of Housing and Urban Development ("HUD"). The most recent HUD income limits indicate that 80% of the current median income for a four-person household in Arlington is \$69,700.

Proposed gross rents for the units serving households at <60% of AMI are \$983 for an affordable studio, \$1,052 for a one-bedroom affordable unit, and \$1,263 for a two-bedroom affordable unit fall below the maximum allowable rents for the Boston-Cambridge-Quincy HMFA. Proposed utility allowances for these units are based on those published by the Arlington Housing Authority and are \$109, \$141, and \$188 respectively.

Proposed gross rent levels for the units serving households at <30% and <50% of AMI are \$1,316 for a one-bedroom, \$1,643 for a two-bedroom, and \$2,071 for a three-bedroom units reflecting allowable Fair Market Rent (FMR) for proposed rental units with Section 8 Certificates. Proposed utility allowances for these units are based on those published by the Arlington Housing Authority and are \$50, \$66, and \$82 respectively.

A letter of interest relative to Project financing was provided by Brookline Bank a member bank of the Federal Home Loan Bank of Boston.

(b) that the site of the proposed Project is generally appropriate for residential development, taking into consideration information provided by the Municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, such as inclusionary zoning, multifamily districts adopted under c.40A, and overlay districts adopted under c.40R, (such finding, with supporting reasoning, to be set forth in reasonable detail);

According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through December 5, 2014, Arlington has 1,121 Subsidized Housing Inventory (SHI) units (5.6% of its housing inventory), which is 867 SHI units shy of the 10% SHI threshold.

A strong need for the proposed affordable units is further demonstrated by the large number of low-and moderate-income persons in the immediate area; the 2013 American Community

Survey (ACS indicates that 52% of household in the Town of Arlington earn less than 80% AMI, approximately 37% earned less than the 70% AMI, and approximately 27% earned less than 50% AMI.

Based on MassHousing staff's site inspections, internal discussions, and a thorough review of the application, MassHousing finds that the Site is suitable for residential use and development and that such use would be compatible with surrounding uses. The Site is situated on Westminster Avenue, which is a residential area characterized by single family homes. The surrounding neighborhood, known as Arlington Heights, has commercial, office, and institutional uses located along Massachusetts Avenue and predominantly residential uses along adjacent streets. Massachusetts Avenue offers public transportation and has many local restaurants and businesses and is located .2 miles from the subject property. The subject property is also accessible to Route 2, which is approximately 2 miles away. Utilities including sanitary sewer, public water, natural gas and electricity appear to be available subject to appropriate review and mitigation.

(c) that the conceptual project design is generally appropriate for the site on which it is located, taking into consideration factors that may include proposed use, conceptual site plan and building massing, topography, environmental resources, and integration into existing development patterns (such finding, with supporting reasoning, to be set forth in reasonable detail);

Relationship to Adjacent Building Typology (including building massing, site arrangement, and architectural details)

The building was originally built as a church in the 1950s. The structure is brick masonry construction with handsome architectural detailing. Surrounding buildings include a church, a low-rise apartment building, and a low-density commercial development. Opposite the intersection and directly adjacent to the site is an established neighborhood of one and two family homes on tree-lined streets

Relationship to adjacent streets/Integration into existing development patterns

The existing building is located between Westminster Avenue and Lowell Street at a 6-way intersection. The proposed adaptive reuse of the existing structure is compatible with adjacent streets and development patterns.

Density

The Project will have a gross density of 21.95 units per acre. The proposed Project density is appropriate for multi-family development.

Conceptual Site Plan

The building footprint occupies most of the Site. It is a two and a half story block/brick and steel building with a flat roof and a wooden deck off of the second floor. Modifications to the building exterior are limited to the addition of several new window openings as required to meet code. The Applicant intends to convert the building into 9 affordable rental housing units; three of the units will be handicap accessible. The proposed Site Plan indicates the removal of several existing features, including a play structure, while introducing a bocce court, trash facilities, and landscaping.

Environmental Resources

Environmental resources were not a factor in the Site Plan and pose no impediment to the proposed renovation.

Topography

The property slopes downward from Westminster Avenue, the front elevation to Lowell Street. As a result, the existing building is 1 story at Westminster Avenue and 3 stories at Lowell Street. Topography is not a limiting factor in the proposed redevelopment of the existing structure.

(d) that the proposed Project appears financially feasible within the housing market in which it will be situated (based on comparable rentals or sales figures);

The Applicant proposes 9 rental apartments units, a portion of which will be financed under the NEF Program.

MassHousing's Appraisal and Marketing Division (A&M) conducted a preliminary analysis showing that the demand for market-rate and affordable rental apartments in the area had expanded over the past five years. Reis, Inc. indicates that between 2010 and Q2 2015, 2,450 units (approx. 2.01%/yr. avg.) were added to the submarket's inventory. However, this pace is projected to be slow between Q2 2015 and year-end 2019 (i.e. 1,864 units or 1.4%/yr. avg.)

As the area's supply of rental units continues to grow, Reis, Inc. data indicates that the submarket's vacancy rate has/will grow as well, increasing from 4.8% in 2010 to 6.5% in Q2 2015, and subsequently projected to increase to 8.4% in 2019. However, this increase in supply and vacancy does not appear to have slowed the growth in effective rents, as they have increased from \$1,414 in 2010 to \$1,614 (14%) in Q2 2015. In fact, Reis, Inc. projects the submarket's effective rents to increase to \$1,864 (15.5%) by 2019.

In general, occupancy levels in the area have been stable, if not increasing, over the last 2-3 years. Vacancy data is available for the developments reviewed (appx. 1,800 units), ranged between 0% and 6%, with a weighted average rate of appx. 2.7%. This rate differs significantly with Q2 Reis, Inc. data for the submarket that evidenced a 9.0%

(e) that an initial pro forma has been reviewed, including a land valuation determination consistent with the Department's Guidelines, and the Project appears financially feasible and consistent with the Department's Guidelines for Cost Examination and Limitations on Profits and Distributions (if applicable) on the basis of estimated development costs;

The "As-Is" appraisal commissioned by Massachusetts Housing Partnership indicates a land valuation of \$570,000. Based on a review by MassHousing, the Applicant's pro forma appears to be financially feasible and within the limitations on profits and distributions.

(f) that the Applicant is a public agency, a non-profit organization, or a Limited Dividend Organization, and it meets the general eligibility standards of the housing program; and

The Applicant is a non-profit organization and meets the general eligibility standards of the NEF housing subsidy program.